

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2007-358-E - ORDER NO. 2008-834  
DECEMBER 23, 2008

IN RE: Application of Duke Energy Carolinas, LLC     ) ORDER REQUIRING  
for Approval of Energy Efficiency Plan             ) BRIEFS AND DENYING  
Including an Energy Efficiency Rider and            ) REQUEST TO CLOSE  
Portfolio of Energy Efficiency Programs            ) RECORD

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the request of Duke Energy Carolinas, LLC (“Duke Energy Carolinas” or “Company”) to close the record of this case and to require legal briefs and/or proposed orders be filed.

Duke Energy Carolinas commenced this docket on September 28, 2007, by filing an Application requesting approval of (1) a new regulatory approach to energy efficiency programs, (2) an energy efficiency rider to implement the energy efficiency plan, and (3) a portfolio of energy efficiency programs. The Commission held an evidentiary hearing on Duke Energy Carolinas’ application on February 5 and 6, 2008.

By letter filed on November 25, 2008, Duke Energy Carolinas requests that the Commission close the record and require legal briefs and/or proposed orders to be submitted by the parties of the case no later than December 22, 2008. Duke Energy Carolinas states that it has been unable to provide its proposed energy efficiency programs to the Company’s South Carolina customers in the ensuing months since the merits hearing on the application was held. Duke Energy Carolinas asserts that

customers need options to save energy and reduce their bills more than ever given these troubled economic times and according to Duke Energy Carolinas, these programs could very well mean the difference between continued viability and shutting down for the Company's commercial and industrial customers. For these reasons, Duke Energy Carolinas requests the docket be closed and legal briefs and/or proposed orders be required.

In response to Duke Energy Carolinas' request, the Office of Regulatory Staff ("ORS") filed a letter dated November 26, 2008, supporting the Company's request to close the record in this matter and joining the Company in its request that briefs and/or proposed orders be submitted no later than December 22, 2008.

Also in response to Duke Energy Carolinas' request, the South Carolina Coastal Conservation League, Environmental Defense Fund, Southern Alliance for Clean Energy and the Southern Environmental Law Center ("Environmental Intervenors") filed a letter dated December 10, 2008, stating that they agree with Duke Energy Carolinas that a suite of aggressive energy efficiency programs would benefit Duke's customers, but that the Company's proposed Energy Efficiency Plan ("Save-a-Watt") falls short of this goal. They further argue that Duke's efforts to implement new energy efficiency programs should not be held hostage to the company's preferred compensation mechanism, when current state law authorizes alternative cost recovery mechanisms and performance incentives for energy efficiency investments. The Environmental Intervenors suggest that one possible interim solution would be to approve the Save-a-Watt programs on an interim basis, with incurred costs placed into a deferred account for later true-up once an

appropriate compensation mechanism is approved, and subject to a requirement that Duke file for approval of a suite of more robust programs by a date certain to be set by the Commission.

The Environmental Intervenors acknowledge the desire for closure on the part of the Company and ORS, but state their belief that the Save-a-Watt proposal merits close scrutiny, and that the Commission has valid reasons for proceeding in a deliberate manner. They further submit that the deadline of December 22, 2008 requested by Duke and ORS would not leave adequate time for preparation of briefs and/or proposed orders, and therefore request that we allow at least 30 days for filing briefs and/or proposed orders. Lastly, the Environmental Intervenors request that the Commission not approve Duke Energy Carolinas' proposed tariffs filed on November 21, 2008 prior to closing the record and allowing parties to the docket an opportunity to conduct discovery, if necessary, and an opportunity to participate in other appropriate proceedings to be determined by the Commission.

Upon consideration of Duke Energy Carolinas' request, and the responses thereto, the Commission hereby finds that the Company's request for the parties to brief the Commission on the Save-A-Watt energy efficiency proposal should be granted. Accordingly, briefs by the parties are to be submitted on or before January 15, 2009. Additionally, the Commission finds that a discussion of the following questions should be included as a part of their briefings:

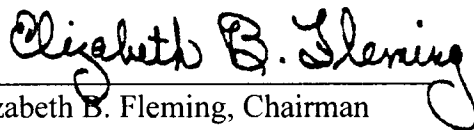
- How will potential federal mandates for energy efficiency affect Save-A-Watt, since the new administration has said it intends to invest substantial sums of money in this area?

- Is it appropriate for Duke to base the company's compensation under Save-A-Watt on a PURPA avoided cost rate? Is this method of compensation required by state law?
- Please comment or elaborate on the suggestions contained in the Southern Environmental Law Center's filing of December 9<sup>th</sup>, 2008.

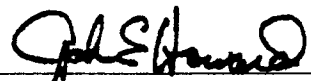
As to the Company's request to close the record in this matter, the Commission does not want unnecessary delay in issuing its ruling in this matter, and understandably Duke Energy Carolinas would like a ruling on its application. However, the Commission feels certain that the Company and the parties understand how careful the Commission must be when considering a proposal that would involve added costs for customers, especially in the current economic climate; therefore, Duke Energy Carolinas' request to close the record is denied in order to allow the Commission to review the briefs and determine if any other proceedings are necessary.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

  
Elizabeth B. Fleming, Chairman

ATTEST:

  
John E. Howard, Vice Chairman

(SEAL)